

Durham Civic Center Authority Meeting Minutes

Tuesday, September 16, 2008

8:00 am

The meeting was called to order at 8:00am with the following members present/absent:

Present: Rob VanDewoestine, Rosemarie Kitchin, Patrick Byker, Billy Ruffin and Henry Sims. Absent: Robert Sinclair, and Al Bass

Owner's representation: Karmisha Wallace, Sharon DeShazo, Pam Meyer and Shelia Huggins. Management Company present: Richard Brezinski, Alfrado Garner and Jamie Frydlo.

Motion of approval for August 19, 2008 minutes moved by Rosemarie Kitchin, seconded by Billy Ruffin, voted and agreed upon by all.

Action Items for September

- Process of transition of name change to Durham Convention Center.

Status of August Action Items

- A meeting to discuss "lessons learned" with phase I of the Civic Center capital project.
 - A review meeting to discuss 'lessons learned' regarding scope, budget and scheduling will convene at the availability of the stakeholders. An agenda is set for review. Meeting dates and times will be forwarded for the Authorities acceptance. The meeting to include a walk-through.
- Mr. Crutchfield will confer with the City's purchasing division and report back on method of payment for Duke Fuqua School of Business.
 - The budget is an estimate of expenses for the fiscal year pending Shaner's spending all allocated funds within their operating budget. This may dictate the need for a budget amendment. General Services will work with the City Budget Office to determine when a budget amendment can be done if needed. We can proceed with payments for the business plan application and expenses from the operating budget once charges are made.
- Mr. Lynch will arrange another meeting with Duke Power and the construction contractors to resolve HVAC failures.
 - A second meeting with Duke Energy was set on September 5 with recommendation to continue monitoring for an additional week and purchase surge protection devices.
 - The Authority is waiting for an update report promised Friday, September 12th from the Project Manager. (This report had not yet been issued by September 23rd.)
- Timing on punch list completion.

- 180 items were originally identified with less than ten items to complete. Many items will be complete by September 19 with the remainder by mid-October.

Meeting Details

Capital Project Update September 2008:

Phase I

The project is within budget and on schedule at 99% complete. The August 03 completion date was delayed due to unforeseen power supply issues. Two meetings were held with Duke Energy, HEERY, and other stakeholders in an effort to understand and resolve the power supply issues. The Civic Center HVAC units are tripping when Duke Power switches in their capacitor equipment, but the voltage variations are within specification when this occurs. Duke Energy will continue to monitor their power supply with input and review from HEERY's services sub-consultant. The proposal was to install 5% line reactors to smooth out the voltage variation. The HVAC equipment manufacturers reviewed Duke Energy's metering information and confirmed their recommendation on Monday, September 15, 2008. EDI will review and issue these recommendations to Skanska over the next few days. Skanska and their subcontractors will respond with a change order (cost) proposal approximately within a week. HEERY/EDI will review and recommend approval as a contract change order which will be processed for execution through the City Manager. Installation is anticipated for the week of October 13.

Mr. Vandewoestine understood Durham's responsibility for paying for the extra line reactors, but felt that the engineering company should be responsible for their installation. The engineers were incomplete in their design of the HVAC equipment not understanding what needed to be done. If line reactors had been part of the original equipment there would be no extra installation charges let alone loss of business from air conditioning failures. There are two issues involved.

- There were no (or too small) line reactors installed on the motors originally.
- The motors were not specified to perform an automatic reset.

The Carolina Theatre has similar equipment with no power surge issues; what voltage protection (if any) was installed on their HVAC equipment?

HEERY is reviewing the status of original ADA scope to enable a complete report to the department of Justice.

Additional funding of \$ 296,831.00 was added to Phase I after construction began. It included upgrading the lower pre-function corridor and replacing ballroom air wall partitions in the original ballrooms.

Punch-list.

The punch-list schedule was extended to allow the users to take immediate occupation and Skanska's agreement to work under access restrictions imposed by the users booking schedule. The punch-list was further controlled by the manufacturer's lead-in time for both the carpet end-caps and the wallpaper.

- 180 items were identified and the following are incomplete;
 - Complete wallpaper to folding partition 'pocket' in grand ballroom 'C' - by September 19.
 - Complete wallpaper/caulking touch-up in women's and men's toilets by September 19.
 - Install four can lights in grand ballroom 'C' - by mid-October.
 - Minor paint touch - up - by September 19.
 - Complete signage - by September 19.
 - Compact Florescent Lamp failing in the grand ballrooms. Skanska is working with the suppliers to resolve.
 - Skanska is working on a proposed solution to repair insufficient bracing within the north wall of Grand Ballroom 'C'.

Additional Scope Currently Requested.

Skanska has agreed to move forward with these requests at no additional overhead costs which are allowed by the contract.

- Add 'line-reactors' to the HVAC plant - mid-November.
- Paint wall access panels in grand ballroom 'C' by September 19.
- Add electronic thermostats to the grand ballrooms and remove existing pneumatic control thermostats from the new service corridor by mid-November. These were not addressed under the agreed scope for the current project due to budget constraints. Shaner has been advised to adjust the existing settings temporarily to achieve the desired room temperatures.
- Refit new Pre-function Corridor light fixtures for local switching and dimming controls.
- E-mail alert system for HVAC outages.

Review of current Project

A review meeting to discuss 'lessons learned' regarding scope, budget and scheduling will convene at the availability of the stakeholders. An agenda is set for review. The Authority would like a week's notice prior to the meeting being set.

FY 08/09 Project.

Preparations for the new project are completely separate from and are not affected by the completion of the current project. The scope has been developed with the stakeholders based on the un-funded list (appendix B) from the current project. The HEERY and EDI will produce a design cost proposal for the FY 08/09 Project; in addition Skanska will submit their cost proposal for design-phase II pre-construction services. HEERY/EDI is analyzing improvements for the floor boxes in the Grand Ballrooms which will be implemented under the new project.

Owners Administration Update:

The Civic Center brought before the Authority the need for approval to purchase a new dance floor. The existing dance floor has gone beyond its useful life and poses a safety liability to patrons. The purchase will need the County's agreement, in addition to the City and County representatives generating a memo through the City and County Managers offices. The estimated quote came in at \$31,546.00 from Shaner's recommended vendor of which Shaner will direct payment from the operating budget. The funds will be reconciled near the end of the fiscal year through a carryover or budget transfer.

Business Plan:

Stakeholders will meet on September 19 with Professor William (Bill) Sax at Duke Fuqua School of Business to review a business plan presentation via Shaner. Second year MBA students will take over the project which extends over 2 semesters. The project is fee assessed and agreed to be paid when charged by Shaner through the Civic Center operating budget and reconciled at the end of the fiscal year.

Management Company Status Report:

August revenues came in at \$135,264 more than the prior year but down for this quarter. Food cost is at 39% due to lack of discounted pricing to social organizations, and cost controls are being implemented. Beverage cost is at 18% due to improved banquet revenues and cost control enforced. Minor Fixed Asset Purchases increased for August (\$27,096) due to new line of china in an effort to easily separate from Shaner use. The net loss for August is \$4,945 more than the prior year. New staff has been added to the sales division with the ability to manage rates more effectively. Shaner anticipates a reduction in the end of year deficit. Presently it is \$9,692 over budget.

Duke provided highest room sales for the month. The Authority would like to see a percentage of bookings included in the monthly reports. A new Courtyard by Marriott is under construction on the former site of North Carolina Eye, Ear and Throat and the Kings Daughters facility on Buchanan will open as a 17 room Inn.

Rollout of New Name:

Installation of new signage for the inside of the Civic Center facility is due by September 19. Signs for the outside of the facility need assessment. The Authority is concerned about the long wait of sign delivery for the inside of the facility.

Agenda for next meeting

- Status of Capital projects
- Management report
- Business Plan